

# Wise Words

State of Alabama • Department of Finance • Division of Risk Management

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Above: Kim Huggins, DORM Claims Manager, presents \$1,000,000 check to Gary Williams, Superintendent of Franklin County Board of Education on May 12, 2011.

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## Storm of the Century

April 27, 2011 was a very rare day for weather conditions to come together perfectly to set a record as the most prolific and destructive tornado outbreak in the history of the United States. The State of Alabama experienced thirty confirmed tornadoes that struck the northern two-thirds of Alabama resulting in widespread and catastrophic damage including 5 EF-4 monsters and 1 EF-5 colossus with 200+ mile per hour winds that destroyed nearly all of the town of Hackleburg in Marion county. The National Weather Service confirmed the severe weather came in two waves: early morning storms with powerful straight-line winds and isolated tornadoes followed by afternoon and evening supercell thunderstorms that generated massive long-lived tornadoes.

The State Insurance Fund received approximately 500 new claims and has set preliminary reserves for \$120 million making this, by far, the most expensive loss in the history of the Fund. The claim was immediately reported to the Fund's excess insurers who hired experts for engineering, estimating, accounting and salvaging. The Fund quickly issued several advance payments to some of the hardest hit locations to assist with initial expenses.

Our sincere thoughts and prayers extend to the many communities across Alabama that were devastated by this storm and we will work diligently to do our part to assist in recovery efforts.

## Wise Words

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## SEICTF Partners With SEIB Pharmacy

We are happy to announce that SEIB Pharmacy services are now available for work related (WRI) claims. There are numerous benefits available to you when you use the SEIB Pharmacy for medications prescribed as the result of a work related injury:

- ◆ Convenience of obtaining both personal and work-injury medications at the same site;
- ◆ Access to individualized medication therapy management services provided by Auburn University Harrison School of Pharmacy pharmacists, professors, and doctoral students;
- ◆ Free next day delivery to the claimant's worksite within Montgomery;
- ◆ Advanced medication monitoring to detect harmful drug interactions;
- ◆ Pharmacists are trained regarding SEICTF program rules;
- ◆ Located at 101 South Union Street in Montgomery – convenient to the state government campus.

### Pharmacy Hours

7:30 a.m.-5:30 p.m. Monday, Tuesday,  
Wednesday, and Friday  
9:00 a.m.-5:30 p.m. Thursday  
(closed on state holidays)  
(334) 263-8460 or toll free: 1-800-311-  
1368

*The SEIB Pharmacy offers FREE NEXT DAY delivery for your prescriptions! To assure next day delivery, requests must be received before 3:00 PM. Your Form 3A/"Authorization to Treat" and a photo ID must be presented when purchasing all products and services. Purchases of over-the-counter items are limited to: 1 box/1 bottle/30-day supply.*



## Equipment Breakdown Coverage: What is It?

The Equipment Breakdown coverage provided through Risk Management was initially thought to apply solely to boiler and pressure vessels. However, the coverage is much more broad than you might expect. The following is an example of some of the equipment covered:

- ◆ Motors/ Generators
- ◆ Compressors
- ◆ Air conditioning Equipment
- ◆ Refrigeration Equipment
- ◆ Transformers
- ◆ Electrical Switchgear, Cables and Bus Duct
- ◆ Boilers (all types)
- ◆ Pressure Vessels (fired and unfired)
- ◆ Internal Combustion Engines

Surprisingly some of the largest covered losses do not involve boilers, but electrical equipment and spoilage.

A number of you still operate boilers and pressure vessels which are required to be inspected by the State of Alabama Boiler and Pressure Vessel Act. Our insurance provider for Boiler and Pressure Vessel inspections is Travelers Insurance Company.

**CAUTION****CAUTION****CAUTION****CRIME SCENE****DO NOT CROSS**

## Copper Theft Prevention & Infrastructure Security

The worldwide demand for copper has risen and supply has been unable to keep pace, increasing prices significantly upward. In 2003, the price for a pound of copper was approximately \$.70 per pound. The price has since escalated to as high as \$4.00 per pound. Tight supplies and the price increase have led to an increase in copper recycling, which has created a market for used copper and made the material a more attractive target for theft.

Some of the major contributing factors for this increase in copper theft include:

- ♦ High dollar payouts from scrap dealers;
- ♦ The ease of which copper can be stolen;
- ♦ Insufficient punishment for perpetrators.

Additionally, copper is readily available for theft. Below are some of the commonly targeted areas for copper thieves:

- ♦ Abandoned buildings, formerly used for businesses as well as schools;
- ♦ Existing buildings and new construction sites;
- ♦ Electrical substations;
- ♦ Maintenance shops;
- ♦ Roof top air conditioning units;
- ♦ Utility stockyards and site preparation areas.

These types of thefts create significant undesirable effects, including the obvious economic impact, business interruptions, service disruptions, rise in insurance claims and increase in insurance cost, as well as personal injury or death for persons involved in the theft and in recovery efforts following the theft. Reducing and eliminating copper theft can be accomplished; however, in order to do so, an organization needs to assess its vulnerability to determine what countermeasures need to be implemented.

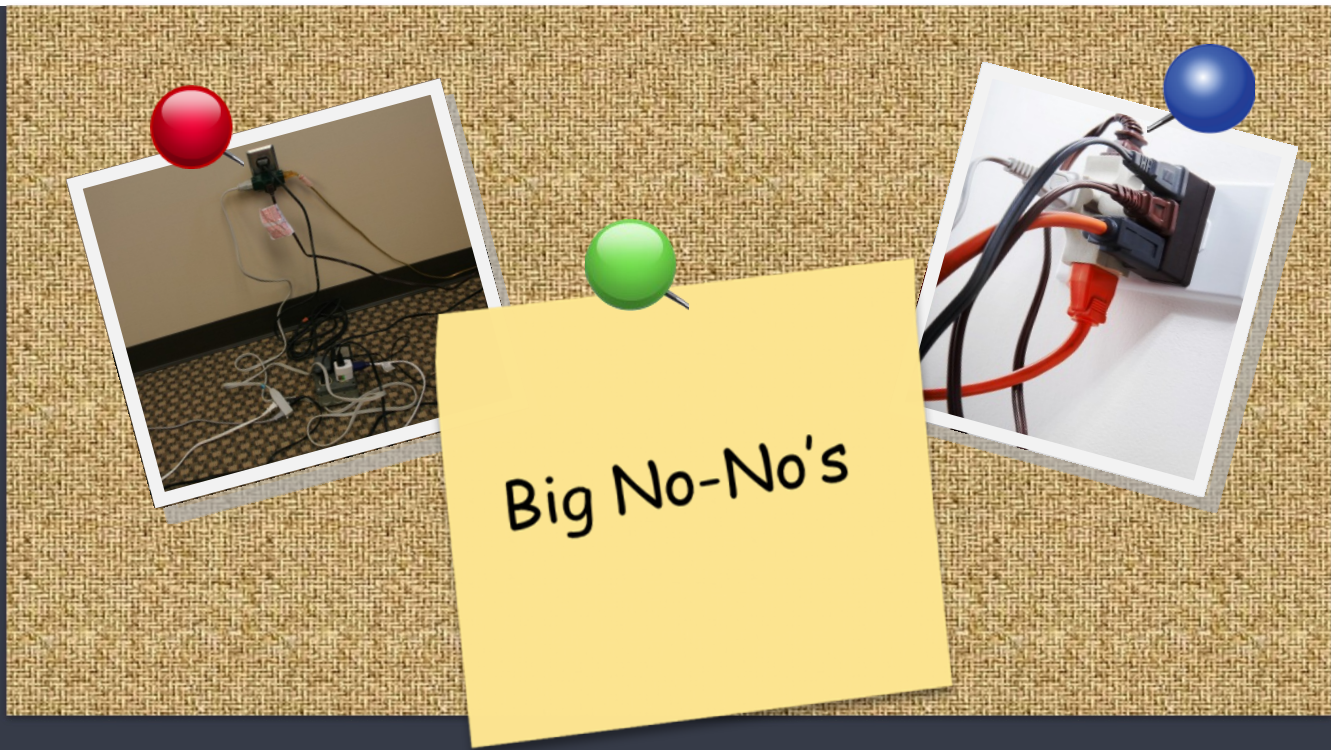
The following is a partial list of countermeasures should be considered by an organization that is faced with this risk or is concerned about suffering the undesirable effects listed above.

- ♦ Consideration of cut-resistant perimeter fencing to control unauthorized entry, especially in abandoned structures;

- ♦ Adequate lighting at points of entry should be maintained to deter and hinder unauthorized entrance;
- ♦ Removal of valuable contents from unoccupied structures;
- ♦ Properly secured and locked points of entry, such as windows, doors, and other openings;
- ♦ A foliage assessment should be conducted to remove the opportunity for coverage or shielding of unauthorized individuals attempting to gain access into a structure;
- ♦ Use of security/burglary alarm systems to help prevent unauthorized entrance into a structure;
- ♦ Use of security alarm systems on A/C units with low freon pressure switch and power interruption detection;
- ♦ Coordination with local law enforcement to gain heightened patrols of areas of risk;
- ♦ Search for new style locking hardware to replace old chain locks utilized in many structures;
- ♦ Installation of intrusion detection and alarm equipment to detect, record, and alert intruders with camera and infrared lighting (for night imaging);
- ♦ Replacement of existing copper with copperweld, copper-covered steel, or PVC piping which is much less expensive therefore of little value to thieves.
- ♦ Stamping and marking copper with entity logos or other identifying labels to identify entity owned copper and alert recycling dealers of potential stolen materials;
- ♦ If perpetrators are caught by law enforcement, resist plea bargains which might allow alleged criminals to strike again.

Dallas County School System has been successful in copper theft deterrent by using an electronic alarm system. The system can be installed by school maintenance personnel for an approximate cost of \$250.00 per unit.

For more information on this type of system, contact Bob Smith with the Division of Risk Management at 334-223-6125, Email: [robert.smith@finance.alabama.gov](mailto:robert.smith@finance.alabama.gov), or Mr. Donald Willingham, Superintendent for Dallas County School System at 334-876-4470.



## Just Because You Can Doesn't Mean You Should

Electricity has greatly improved our quality of life over the past century. Many of us would virtually be lost without it, but regardless of the vast benefits, electricity can be very dangerous. The most common danger associated with electricity is fire and the most common cause of these fires is circuit overload.

Heat is generated when electricity flows through a wire. The size of the electrical wire and the number of electrical items plugged into an outlet determines the amount of heat generated in the wire. If the wire to the outlet or circuit is overloaded, it can overheat and start a fire. Often times we are under the misconception that if the circuit doesn't "trip" or shut itself off that it must not be overloaded. However, circuit breakers can malfunction and fail to trip. It is also common for maintenance personnel or owners to improperly replace a fuse or breaker that keeps tripping with one that is larger than the system was designed to carry.

What You Can Do to Prevent A Potential Fire:

- If a fuse or circuit breaker frequently trips, have a qualified electrician determine the cause and properly repair it;
- If the main electrical panel has circuit breakers, flip them off and back on annually;
- If extension cords or plug adaptors are being used to plug in multiple items, have a qualified electrician install additional outlets on a new circuit;
- Never run electrical cords of any type under carpet or rugs. The wires can't cool; and
- If an outlet or switch plate feels hot to the touch, have a qualified electrician determine the cause and properly repair it.

Be aware of your electrical system. Look and listen for problems. If you hear crackling or buzzing coming from light switches or outlets, don't ignore it. If electrical cords and items feel hot to the touch, you have a risk of fire. If a circuit breaker frequently trips, it is likely faulty or overloaded. Contact a qualified electrician to determine the cause of the problem and make the proper repairs. Ignoring the warning signs could be costly or even deadly.